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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 217

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,

vs.

PANTHER-PANCO RUBBER CO., INC.,
Respondent.

PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE FIRST CIRCUIT, AND BRIEF IN SUPPORT THEREOF.

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PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE FIRST CIRCUIT.

To the Honorable, the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Mishawaka Rubber and Woolen Manufacturing Company, respectfully prays for a Writ of Certiorari to the Circuit Court of Appeals for the First Circuit to review the judgment of that Court entered on the 7th day of February, 1946 (petition for rehearing denied March 20, 1946). A transcript of the proceedings in this case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

Petitioner, Mishawaka Rubber and Woolen Manufacturing Company, of Mishawaka, Indiana, an Indiana corporation, has for many years manufactured at Mishawaka and sold throughout the United States large quantities of boots and shoes and other footwear products bearing a red circular figure or "Red Ball" trade-mark which it adopted in 1891. Since 1898, petitioner has also used said trade-mark on rubber soles and rubber heels which it manufactured and sold attached to its boots and shoes. (R. 29.)

On May 28, 1901, petitioner obtained registration No. 36,471 in the United States Patent Office of said red circular figure or "Red Ball" as a trade-mark for boots and shoes and other footwear products and renewed said registration on May 28, 1931, under the Trade-Mark Act of 1905, and on April 12, 1938, it obtained registration No. 356,086 thereof, under said Act, for rubber soles and rubber heels. (Plaintiff's Exhibits No. 21, R. 104-108, Ofd. R. 40 and No. 10, R. 80, Ofd. R. 38.)

It was adjudged that these registrations are good and valid and that said registrations and the trade-marks covered thereby are the exclusive property of petitioner. (R. 11, 161.)

Petitioner has spent millions of dollars in advertising its footwear products and the red circular figure as the trade-mark thereof. This advertising featured petitioner's slogan "Look for the Red Ball". (R. 160.)

The Court of Appeals concluded that this characteristic

mark upon the tread face of plaintiff's shoes has undoubtedly achieved a considerable trade-mark significance. (R. 160.)

On some of petitioner's heels and soles, the red circular figure trade-mark is displayed within a diamond shaped frame, or on a diamond shaped patch, and this distinctive ensemble comprises petitioner's unregistered common law mark.* (R. 30.)

Respondent, Panther-Panco Rubber Company of Chelsea, Massachusetts, a Massachusetts corporation, manufactures rubber soles and rubber heels which it sells in interstate commerce to the shoe repair trade and to shoe manufacturers. (R. 18-20.)

Prior to 1932, respondent embossed the name "Panco", of its 1922 registration No. 162,105 (R. 117) on its rubber soles and taps without contrasting color (R. 161, Plaintiff's Exhibit No. 53, Ofd. R. 41), but confusion resulted with competitive soles of inferior quality. (R. 163.)

Accordingly, in 1932 (R. 161), respondent adopted the "red label or oval shaped background" (R. 163, 164) and embossed the name "Panco" in the red rubber of the label. (R. 162 and Plaintiff's Exhibit No. 1, Ofd. R. 37.) This eliminated the confusion with inferior competing soles. (R. 164.)

Respondent sought to register this "Panco" embossed red oval, in the United States Patent Office, but, upon opposition thereto by this petitioner, registration was refused by the Examiner of Interferences, and on appeal, by the Commissioner of Patents on the ground that respondent's

* For the convenience of the Court, specimens of petitioner's "Red Ball" trade-mark and its distinctive ensemble as used on its products and in its advertising are illustrated in Appendices B and E of this Petition at pages 29 and 35.

mark was confusingly similar to petitioner's red circular figure trade-mark. (R. 108, 113, 162.)

Nevertheless respondent continued to use this unregistered "Panco" embossed red oval, marked it "Trade Mark Reg." (Plaintiff's Exhibit No. 1, Ofd. R. 37) and advertised its goods as "Panco *Red Label** Shoes". (Plaintiff's Exhibit No. 8, Ofd. R. 38; Defendant's Exhibit M, Ofd. R. 49.)

In addition to the red oval, respondent adopted other red marks, including a red circular figure on its rubber heel packages (Plaintiff's Exhibit No. 4, Ofd. R. 37), a red panel at the center of its rubber heels (Plaintiff's Exhibit No. 2, Ofd. R. 37), and a red diamond on its soles (Plaintiff's Exhibit No. 3, Ofd. R. 37).** Respondent also used a red circular figure in its advertising. (Plaintiff's Exhibit No. 5, Ofd. R. 37.)*** Respondent also uses a red chevron or V-shaped mark, but no objection is made thereto. (Defendant's Exhibit A, Ofd. R. 43.)

Petitioner sought to persuade respondent to discontinue using the red oval trade-mark but was unable to do so. Accordingly, after giving notice in October, 1940, petitioner filed this action in the United States District Court, District of Massachusetts, on April 11, 1941. (R. 1.) The complaint charged respondent with infringement of petitioner's registered red circular figure trade-mark and with unfair competition.

The District Court found the respondent's use of red circular figures on its heel cartons and in its advertising to be an infringement of petitioner's trade-mark, but refused

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* Emphasis ours throughout this Petition.

** A photograph and description of respondent's marks are included in Appendix C of this petition and will be found at page 30.

*** Respondent's advertisement featuring a red circular figure is included in Appendix E of this Petition, page 35.

to enjoin the use of the other marks in controversy. Both parties appealed to the Court of Appeals for the First Circuit which found neither infringement nor unfair competition and ordered the complaint dismissed in its entirety. (R. 173.)

The appellate court ruled that the name "Panco" dominated respondent's red oval mark and that the red oval and the red circular figures on heel cartons and in advertising served merely as backgrounds. It was decided that these marks did not convey the impression of being trade-marks, and accordingly, it was held that respondent did not infringe petitioner's trade-mark. (R. 163, 166-7.)

Both lower courts decided that there was no unfair competition under the law of the State of Massachusetts. (R. 171-3.)

Jurisdiction.

1. The date of the judgment to be reviewed is February 7, 1946; petition for rehearing denied March 20, 1946.

2. The judgment was rendered in a civil action involving (a) infringement of a trade-mark registered under the United States trade-mark laws and (b) unfair competition.

3. The statutes under which jurisdiction is invoked are: Sec. 240 (a) of the Judicial Code, 28 U. S. C. 347; 28 U. S. C. 350; and Secs. 12 and 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. 92 and 98.

4. While this is a suit involving trade-mark infringement and unfair competition, the questions submitted for review are not limited to this specific controversy, but are general questions raised by the decision of the Circuit Court of Appeals for the First Circuit. Jurisdiction is shown under Rule 38 (5b) of this Court as follows:

a. A decision of a federal question in a manner conflicting with the applicable decisions of this Court.

b. Conflict in important respects between the Circuit Court of Appeals for the First Judicial Circuit and the courts of appeals of other judicial circuits on the same questions of law.

c. Important questions of federal law which have not been but should be settled by this Court.

5. Cases believed to sustain the jurisdiction are:

S. S. Ansaldo San Giorgio I v. *Rheinstrom Bros. Co.*, 294 U. S. 494.

Mumm v. *Decker & Sons*, 301 U. S. 168.

Magnum Import Co. v. *De Spoturno Coty*, 262 U. S. 159.

Hutchinson, Pierce & Co. v. *Loewy*, 217 U. S. 457.

Independent Wireless v. *R. C. A.*, 269 U. S. 459, 270 U. S. 84.

Questions Presented.

1. Where a registration of a trade-mark symbol under the Trade-Mark Act of 1905 is good and valid, is it permissible for any person, without the consent of the owner of that registration, to use that symbol as an attention attracting feature to promote the sale of goods of the same descriptive properties as those set forth in the registration?

2. When a trade-mark consisting of a geometric symbol in a specific color is registered under the Trade-Mark Act of 1905, is a substantially identical symbol of the same color rendered non-infringing by the addition of a name or design thereupon?

3. In a suit for infringement of a trade-mark registered under the Trade-Mark Act of 1905, should local law or federal law be applied?

4. In a suit for unfair competition in interstate commerce will the decision be based upon the internal law of a single state instead of the applicable law in the states where the alleged unfair competition has occurred?

Reasons for Allowing the Writ.

1. Because the Court of Appeals for the First Circuit decided that a trade-mark consisting of a geometric symbol of a specific color and registered under the Trade-Mark Act of 1905 was not infringed by substantially identical symbols of the same color when names or designs were projected thereupon.

   (a) This ruling is contrary to the controlling Act of Congress.

   (b) This ruling conflicts with the applicable decisions of this Court.

   (c) This ruling conflicts with the holdings of the Courts of Appeals for the Sixth and Eighth Circuits and of the District of Columbia in the same matter.

2. Because this Court has raised but not answered the question of whether federal law or local law should be applied in a suit for infringement of a trade-mark registered under the Trade-Mark Act of 1905. *Pecheur Lozenge Co., Inc.* v. *National Candy Co. Inc.*, 315 U. S. 666, 667.

3. Because the question of the applicable law in cases of unfair competition in interstate commerce is a question of utmost importance which has not been but should be settled by this Court.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

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Respondent.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

THE OPINIONS OF THE COURTS BELOW.

The opinion of the District Court, District of Massachusetts, in this case is reported in 55 F. Supp. 308 and will also be found beginning at page 13 of the record.

The opinion of the Court of Appeals for the First Circuit in this case is reported in 153 F. 2d 662 and will also be found beginning at page 159 of the record.

Point I.

The Court of Appeals for the First Circuit decided that a registered trade-mark consisting of a geometric symbol in a specific color is not infringed by a substantially identical symbol of the same color when a name or design is added thereto.

(a) This ruling is contrary to the controlling Act of Congress.

(b) This ruling conflicts with the applicable decisions of this Court.

(c) This ruling conflicts with the holdings of the Courts of Appeals for the Sixth and Eighth Circuits and of the District of Columbia.

(a)

This ruling is contrary to the controlling Act of Congress.

The controlling Act of Congress, Sec. 16 of the Trade-Mark Act of 1905 (15 U. S. C. A. 96) provides as follows:

> "Any person who shall * * * reproduce, counterfeit, copy or colorably imitate any such (registered) trade-mark * * * shall be liable to an action for damages * * *."*

Respondent's red oval mark on soles (Ex. 1), and red circle marks on heel cartons (Ex. 4) and in advertising (Ex. 5) are submitted to be reproductions, counterfeits, copies, or colorable imitations of petitioner's registered red circle trade-mark within the meaning of Sec. 16 of the Act of 1905.

The Patent Office, placing emphasis on the red oval feature of respondent's mark, held it to be confusingly similar

* Full text of this Section and Section 19 quoted in Appendix A, at page 27.

to petitioner's red circular figure trade-mark and unregistrable for that reason.* (R. 162.) The district court, placing emphasis on the red circle features of the respondent's heel cartons and its advertising, held that these marks infringed petitioner's red circular figure trade-mark. (R. 12.)

The appellate court, in finding the three accused marks to be non-infringing, did so on the basis that the association with the name or designs printed thereon rendered them innocuous—since they served as mere "backgrounds" for the projection of the other features. (R. 163, 166-7.)

Congress did not provide that a reproduction, counterfeit, copy, or colorable imitation of a registered trade-mark symbol would be exempted from the provisions of the Act of 1905 by the mere addition of some word or design thereon. It is respectfully submitted that such holding by the Court of Appeals for the First Circuit in this case is contrary to the spirit and the letter of the controlling Act of Congress.

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* In his decision in *Mishawaka Rubber & Woolen Mfg. Co.* v. *Panther-Panco Rubber Co.*, 25 U. S. P. Q. 496, 497 (R. 115), the First Assistant Commissioner of Patents stated:

> "* * * it is my belief that the purchasing public is more likely to remember symbols than names, and if a mark comprises a striking color or a distinctive shape with a name applied thereon, the public, rather than clutter its mind with the name, which it would probably forget before making another purchase, will consciously or unconsciously seize upon the color or configuration and later, when again buying, will establish a dim connection with the color or shape displayed and the recollection of having seen it before. Another name for this mental reaction is 'good will', and it is that which makes trade-mark(s) so important in cases in which the manufacturer does not have a place of business, but sells through retail stores."

(b)

This ruling conflicts with the applicable decisions of this Court.

The appellate court recognized that petitioner's "Red Ball" trade-mark has achieved "considerable trade-mark significance" (R. 160), but then concluded that the mark is "weak" because of the commonplace character of a red circle. (R. 166-7.) It was because of this alleged weakness that the appellate court condoned the respondent's use of substantially identical marks in combination with added word or design features.

This Court has not restricted protection of the exclusiveness of trade-marks to those which are unique and original. On the contrary, it was held in the *Trade-Mark Cases*, 100 U. S. 82, 94, that:

> "The trade-mark may be and, generally, is, the adoption of something already in existence as the distinctive symbol of the party using it. * * * It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation. * * * *If the symbol, however plain, simple, old or well known, has been first appropriated by the claimant as his distinctive trade-mark, he may, by registration, secure the right to its exclusive use.*"

This Court has ruled, further, that the addition of a name to an existing trade-mark does not render it non-infringing in *Menendez* v. *Holt*, 128 U. S. 514, 521:

> "* * * it is no answer to their action to say that there was no invasion of that right because the name of S. O. Ryder accompanied the brand upon flour sold by appellants, instead of the name of Holt & Co. *That is an aggravation and not a justification, for it is openly trading in the name of another upon the reputation acquired by the device of the true proprietor.*"

In the recent case of *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 316 U. S. 203, this Court had the petitioner's "Red Ball" trade-mark before it. In that case, the Court made the following statement with reference to trade-marks:

> "The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is not less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress." (316 U. S. 205.)

The appellate court appears to consider that the commercial magnetism of a trade-mark symbol exists only when the symbol is used alone, and that the addition of a name or design thereto permits others to use the same symbol without availing themselves of the commercial magnetism.

When viewed at some distance, as a customer might view it, the most striking feature of respondent's "Red Label" mark is the solid red oval. The soles bearing this mark are listed and advertised as "Red Label" soles. (Exs. 8 and M.) The "Red Label" mark, which was denied registration, is marked "Trade-Mark Reg." (R. 162.) This, it is submitted, is a holding out to the public that the red oval has trade-mark significance. In view of its similarity to the petitioner's "Red Ball", it is natural to expect that

the less wary customers may purchase the "Red Label" soles thinking they are "Red Ball" products, notwithstanding the presence of the embossed word "Panco" thereon.

The prominent use of red circular figures, identical in color and shape to petitioner's trade-mark, on respondent's heel packages and in its advertising serves to establish a distinct relationship between respondent's products and the symbol by which petitioner's products are identified.

This relationship is not minimized by showing illustrations of rubber heels or soles and leather work shoes on the red circles. On the contrary, since petitioner manufactures rubber heels, rubber soles, and leather work shoes, the illustrations tend to emphasize the relationship between these products and the symbol by which petitioner's products are identified.

If, as the appellate court appears to have recognized, the "Red Ball" trade-mark has considerable trade-mark significance (R. 160), *i. e.*, commercial magnetism, the use of the same or a similar symbol on the goods of the same class should be enjoined, despite the fact that the symbol is a well known device (*Trade-Mark Cases*, 100 U. S. 82, 94) and notwithstanding the association of a name therewith. (*Menendez* v. *Holt*, 128 U. S. 514, 521.)

These principles, which are the law as enunciated by this Court, are in direct conflict with the basis upon which the appellate court rendered its decision. It is urged, therefore, that this case should be reviewed in order to bring the law of the First Judicial Circuit into harmony with the decisions of this Court.

(c)

This ruling conflicts with the holdings of the Courts of Appeals for the Sixth and Eighth Circuits and of the District of Columbia in the same matter.

Sixth Circuit.

The Court of Appeals for the Sixth Circuit, in *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 119 F. 2d 316, affirmed the District Court holding that a red or reddish circular figure with an Indian head or a knight's head embossed thereon constituted an infringement of petitioner's red circular trade-mark.

In that case, the complainant was the petitioner herein. In both cases, the mark alleged to be infringed was the same registered trade-mark. In both cases, the alleged infringements involved red circular figures upon which designs were projected.

It was held to be the law in the Sixth Judicial Circuit that a registered red circular figure trade-mark *is* infringed by a red circular figure upon which a design is projected. In the present case, the First Judicial Circuit held that the same registered trade-mark *is not* infringed by a red circular figure upon which a design is projected. (R. 167.) Here, a clear conflict exists on the same matter.*

* The Sixth Circuit Court of Appeals has ruled in the same way in the case of *Ohio Baking Co.* v. *National Biscuit Co.*, 127 F. 116, wherein the use of a label of the same color and shape as that popularized by another was enjoined, *notwithstanding differences in the words and designs projected thereupon.*

Eighth Circuit.

In the case of *Layton Pure Food Co.* v. *Church & Dwight Co.*, 182 F. 24, the Court of Appeals for the Eighth Circuit decided that the complainant's trade-mark, consisting of a colored annular band on packages of baking soda was infringed by defendant's use of *annular bands in other colors within which entirely dissimilar words and designs were framed.*

In the cited case, the annular bands used by the defendant were colored circles serving as frames for attracting attention to certain origin-denoting words and designs. The function of the annular bands with reference to the words and designs which they enclosed was the same as the function attributed to the red circles used by the respondent in the present case. In that case, after noting that the names and words on the packages and the devices within the annular bands differed, the court declared:

> "* * * the annular bands constitute a striking feature of the labels of the defendant * * * the annular bands upon them give to those (the labels) of the defendant a marked similarity to those of the complainant, a similarity so plain that it renders them well calculated to create confusion in the trade and to deceive buyers into the purchase of the products of the defendant in the belief that they are those of the complainant." *Layton* case, 182 F. 24, 34.

The Eighth Circuit Court of Appeals considered that a colored circular band is infringed by a similar figure in association with distinguishing words or designs. The First Circuit Court of Appeals considered that a red circular figure *is not* infringed by a similar figure in association with distinguishing words or designs. Thus, there is a distinct conflict between these two Circuits.

District of Columbia.

The views of the Court of Appeals of the District of Columbia are reflected in the following pertinent statements:

> "* * * there is neither legal nor moral excuse for even an approximate simulation of a well-known mark applied to goods of the same descriptive properties * * * *the points of similarity are of greater importance than the points of difference.* (citing cases)
>
> "* * * 'To require that the line which separates marks should be well defined is not to ask too much, since the field from which a person may select a mark is almost limitless. * * * Ordinarily the prospective purchaser does not carry more than a faint impression of the mark he is looking for. If the article offered to him bears any resemblance to the one he is thinking of he is likely to accept it. * * *' " *Guggenheim* v. *Cantrell & Cochrane, Ltd.*, 56 App. D. C. 100, 10 F. 2d 895, 896 (1926).
>
> "The mere fact that appellant's mark is shown to be accompanied by two other trade-marks, together with certain descriptive matter impressed on the body of the mark and within the enclosing blue lines, does not in any way affect its function or destroy its validity as a trade-mark." *Hygienic Products Co.* v. *Coe*, 85 F. 2d 264, 267.

These decisions of the Court of Appeals of the District of Columbia are in direct conflict with the views of the Court of Appeals for the First Circuit in the present case. In the District of Columbia court, even an approximate simulation of an existing trade-mark on goods of the same descriptive properties is not tolerated, and the presence of other trade-marks or descriptive matter does not detract from the trade-mark significance of a mark. In the First Circuit, exact copying of an existing mark is condoned provided some other trade-mark or descriptive matter is

used thereon. Here again, there is a clear, irreconcilable conflict between courts of appeals.

It is petitioner's respectful contention that the decision of the Court of Appeals for the First Circuit is so completely out of harmony with the law in the other Courts of Appeals that this Court should review this case in order to resolve the conflict.

Point II.

The phase of this case relating to alleged infringement of a registered trade-mark was decided on the basis of federal law, but this Court has intimated that perhaps the local law should be applied, and has indicated a desire to consider the question.

Point I is predicated upon the assumption that (a) the Trade-Mark Act of 1905 is the applicable statutory law in a case of alleged infringement of a trade-mark registered thereunder, that (b) the decisions of this Court are the controlling decisions in such a case, and that (c) the law applied in the several circuits should be uniform and consistent with reference to such cases.

This Court introduced an element of doubt when it granted certiorari in the case of *Pecheur Lozenge Co., Inc.*, v. *National Candy Corp., Inc.*, 315 U. S. 666, 667:

> "* * * we granted certiorari * * * in order to determine whether local law or federal law should have been applied in a suit for infringement of a trademark registered under the Trademark Act of 1905 * * *."

On final hearing it developed that the complainant's trademark was not registered under the Act of 1905, and accordingly, that case did not present the question which prompted this Court to grant certiorari.

While review of the present case is sought on the basis that federal law was misapplied with a resulting conflict between the circuits, this case necessarily includes the question of whether federal law should have been applied at all. Since this Court expressed a desire to consider this question in the *Pecheur* case, but was precluded from doing so, such consideration is urged at this time, to dispose of the uncertainty as to the applicable law, resulting from the Court's remarks in the *Pecheur* case, and to insure that the proper law is applied in the present case.

Point III.

The phase of this case relating to alleged unfair competition was decided on the basis of Massachusetts decisional law, whereas the controverted acts were committed also in other states and in interstate commerce. While it is not clear what law should be applied, it is believed to be improper to give effect to the internal law of one state in other sovereign states instead of the applicable law in those states.

The Court of Appeals for the First Circuit considered the accused red oval and red circle marks to be mere "backgrounds" and hence without trade-mark significance. (R. 163, 166-7.)

Insofar as the use of these marks may not constitute trade-mark infringement because they do not have significance as trade-marks in the technical sense, they are believed to be improper under the broader law of unfair competition. It is submitted further that the two other marks involved in this controversy, the red panel on respondent's heels (Exhibit 2) and the red diamond on respondent's soles (Exhibit 3), should be enjoined under the law of unfair competition.

The respondent's red diamond mark (Exhibit 3) is considered to be suggestive of petitioner's diamond outline within which its red circular figure trade-mark is sometimes framed. And the red panel at the center of respondent's rubber heels (Exhibit 2) is believed to be improper, partly because it simulates petitioner's unique arrangement of a red spot of color at the heel center, and partly because of its long association with the red circle marked cartons (Exhibit 4) in which said heels were sold.

In deciding the question of unfair competition, the appellate court applied the law of the State of Massachusetts, the state in which this action was brought. This, it is assumed, was considered to be in compliance with the holdings of this Court in *Erie R. R.* v. *Tompkins*, 304 U. S. 64; *Fashion Originators' Guild* v. *Federal Trade Commission*, 312 U. S. 457, 468; and *Pecheur Lozenge Co., Inc.*, v. *National Candy Co., Inc.*, 315 U. S. 666, 667.

According to the Massachusetts District Court, in the case of *National Fruit Prod. Co.* v. *Dwinell-Wright Co.*, 47 F. Supp. 499, 504*, the principle is recognized in Massachusetts, at least in some tort cases, that *the law of the place of the wrong determines whether a person has sustained a legal injury,* but Massachusetts has not applied this principle in cases involving unfair competition in several states because that would necessitate writing opinions and entering decrees adapted to the vagaries of 48 states.

In the *National Fruit Prod.* case, just cited, the Court determined that in accordance with Massachusetts decisions, the Massachusetts decisional law relating to unfair competition would be applied, regardless of where the acts of unfair competition occurred. The same principle was followed in the present case.

* Affirmed, C.C.A. 1—140 F. 2d 618.

Petitioner respectfully submits that the local law of Massachusetts is not applicable to torts committed in any state other than Massachusetts, and that the policy of expediency which led to applying this law in the other sovereign states is error of such magnitude that review by this Court is of utmost importance.

If a federal court must give effect throughout the United States to the internal law of the state in which it sits, then a litigant may avail himself of the laws of whichever state he selects in which to bring his action.

Under this rule, a tort-feasor in interstate commerce is liable, if at all, only under the state decisional law of the jurisdiction in which he can be sued. His acts may outrage the law of every other state in which they are committed, but, being sanctioned in the state where he is sued, the federal courts would be helpless to grant relief.

A Nebraska plaintiff sued a Delaware defendant and a Michigan defendant in the Nebraska District Court in the unfair competition case of *Skinner Mfg. Co.* v. *General Foods Sales Co.*, 52 F. Supp. 432.* The court was obliged to determine what law would be applicable, and made the following pertinent observation (at pages 439-440):

> "The application of the *lex loci delicti* * * * becomes complex if not impossible when, as here, there are a multitude of states where the alleged tort is committed with conceivably conflicting laws. And one need hardly point out the probable injustice and confusion which would arise from the determination according to the domestic law of a single state, adroitly selected as the *locus fori*, of issues resulting from tortious acts, no one of which occurred in that state, in an action whose object is injunctive relief

* Affirmed, C.C.A. 8—143 F. 2d 895; certiorari denied, November 6, 1944, 323 U. S. 766.

> ultimately on a nationwide pattern, and with immediate impact only in states far remote from the one whose internal law is urged as controlling."

Unable to find pertinent Nebraska decisions, the district court in the case last cited applied the federal law—on the ground that there was nothing to show that it was in conflict with the Nebraska law. This practice appears to be approved by Mr. Justice Brandeis who stated, in his footnote to *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111, 113:

> "But no claim has been made that the local law is any different from the general law on the subject, and both parties have relied almost entirely on federal precedents."

Petitioner respectfully submits that the local law and the federal law relating to unfair competition have grown together. However, in view of the usual diversity of citizenship of the litigants, most litigation in this field has been in the federal courts. Thus, the federal courts have had an opportunity to enunciate the federal law relating to all aspects of unfair competition whereas the state courts have been obliged to remain silent, except on the phases of unfair competition which they have had an opportunity to consider.

This raises the question as to whether the local law within any state must be presumed to have developed no further than the written decisions of its courts. Or can it be assumed that the local law of the state has matured along with the federal law except insofar as the state courts have declared to the contrary? (See concurring opinion of Mr. Justice Holmes in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 424-426.)

A further question is presented by the interstate character of a large proportion of the controversies involving

unfair competition. Are the decisions of this Court and the lesser federal tribunals a part of the "federal *general* common law", abolished by *Erie R. R.* v. *Tompkins*, 304 U. S. 64, or a part of the "federal common law", the existence of which was recognized in the case immediately following the *Erie* decision, *Hinderlider* v. *La Plata River & Cherry Creek Ditch Co.*, 304 U. S. 92, 110, and again in *O'Brien* v. *Western Union Telegraph Co.*, (C. C. A. 1), 113 F. 2d 539, 541?

The power to regulate commerce among the States, with foreign nations, and with the Indian tribes was delegated by the States to the Congress. (*Constitution*, Art. I, sec. 8.)

In the exercise of that power, the Congress has enacted the Trade-Mark Acts of 1905 and 1920, and also the Federal Trade Commission Act. The latter provides, in Sec. 5 that:

> "Unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are hereby declared unlawful." (15 U. S. C. A. 45.)

The term "unfair methods of competition" as used in the quoted Act has been construed by this Court, in accord with Congressional intent, to include the "common law" conception of unfair competition. *Federal Trade Commission* v. *R. F. Keppell & Brother, Inc.*, 291 U. S. 304, 310-312. What common law was contemplated by Congress? Was it the principles evolved in the decisions of the federal courts, and especially this Court, on the subject of unfair competition?

Petitioner submits that *interstate* unfair competition is a phase of interstate commerce which Congress has undertaken to regulate under a delegation of authority from the States themselves. Therefore, it would seem that the *Erie* case should not be construed as restoring control over

this phase of interstate commerce to the states. Under this view, the states would retain control over cases of unfair competition which are *intrastate* or *local* in character. By engaging in interstate commerce, a trader would be regarded as submitting himself to regulation under the applicable federal law, both statutory and decisional.

In the quest for uniformity in the law of unfair competition, it has been suggested that the courts could look beyond the federal and local decisions to the conventions and treaties of the United States on this subject.* These represent an effort on the part of the signatory nations to achieve a uniform standard of unfair competition. Each nation undertakes to extend uniform protection within its borders to the nationals of all of the other signatories. These treaties became the law of this country upon ratification. *Bacardi Corp.* v. *Domenech*, 311 U. S. 150. They are binding upon the judges in every state in the cases where they apply. (*Constitution*, Art. IV, sec. 2.) Thus, these treaties became a part of the local law in every state, and when a federal court is undertaking to find the local law of unfair competition, it might well give consideration to the law embodied in the treaties and conventions—especially insofar as there are no conflicts to be found in existing state decisions.

The Petitioner in this case has been denied relief under the law of Massachusetts for respondent's acts of alleged unfair competition in interstate commerce. Petitioner submits that the controverted acts occurring outside the state of Massachusetts must be decided upon the basis of the applicable law in those states. What that law is can be settled only by this Court. The question is of grave im-

* Rogers, "Unfair Competition", Vol. 35, *The Trade-Mark Reporter*, page 126, November, 1945. Pertinent convention and treaty provisions are included in Appendix D, at page 31.

portance, not only to this petitioner, but to every complainant in cases of *interstate* unfair competition.*

Conclusion.

Wherefore, petitioner earnestly prays that the Petition for Writ of Certiorari be granted, the case be reviewed, and the decree of the Court of Appeals for the First Circuit, denying the petitioner the relief to which it is entitled by law, be reversed.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

By EUGENE M. GILES,
EUGENE MANNING GILES, JR.,
176 West Adams Street,
Chicago 3, Illinois,
Counsel for Petitioner.

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* The general importance of this question is reflected in the numerous decisions and periodical articles relating to it. Among those of special importance, not heretofore cited, are the following:

Philco Corp. v. *Phillips Mfg. Co.*, (C.C.A. 7), 133 F. 2d 663.

Chaffee, "Unfair Competition" (1940), 53 *Harvard Law Review* 1289.

Clark, "State Law in the Federal Courts: The Brooding Omnipresence of *Erie* v. *Tompkins*" (1946), 55 *Yale Law Journal* 267.

Zlinkoff, "*Erie* v. *Tompkins*: In Relation to the Law of Trade-marks and Unfair Competition" (1942), 42 *Columbia Law Review* 955.

APPENDIX A.

TRADE MARK ACT OF 1905.

SEC. 16. U. S. C., title 15, sec. 96. That the registration of a trade-mark under the provisions of this act shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

SEC. 19. U. S. C., title 15, sec. 99. That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem

reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed.

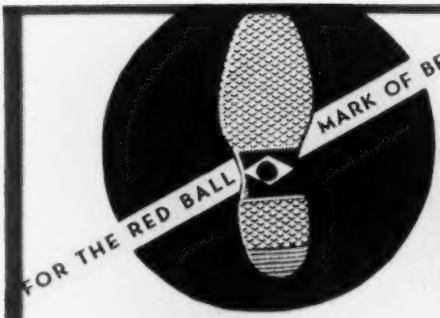


EXHIBIT 40

EXHIBIT 42

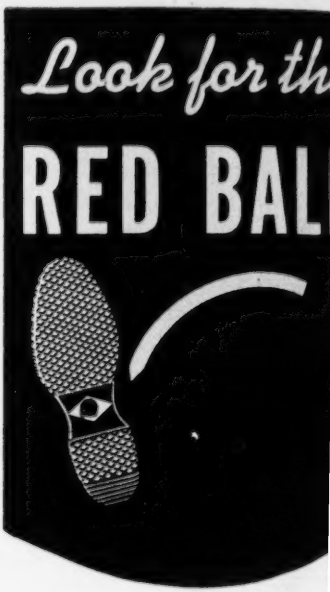


EXHIBIT 36

EXHIBIT 24

EXHIBIT 56

APPENDIX B.

PETITIONER'S TRADE-MARK.

The photographs on the opposite page show petitioner's registered "Red Ball" trade-mark as used on and in connection with some of its products and in the advertising thereof as exemplified in the exhibits to which reference is made. The color corresponds to the color of the exhibits but is not necessarily exact as to shade.

Petitioner's diamond shaped mark enclosing the red circular figure is shown in Exhibits 49, 56, and 36.

EXHIBIT 49—"Red Ball" trade-mark as illustrated on inside back cover of Petitioner's 1933-34 catalog. (Actual size.)

EXHIBIT 40—"Red Ball" tag attached to petitioner's leather shoes. (Actual size.)

EXHIBIT 42—Portion of petitioner's advertisement in October, 1925, "The Country Gentleman." (Actual size.)

EXHIBIT 36—Leather shoe manufactured by petitioner shown at the bottom of the page. (One-half actual size.) The "Red Ball" trade-mark (actual size) embedded in the heel is illustrated at the center of the page.

EXHIBIT 24—"Red Ball" trade-mark as used on boot straps of petitioner's felt boots. (Actual size.)

EXHIBIT 56—Portion of a specimen of one of petitioner's advertisements which appeared in: *Collier's Weekly, Household Magazine* and the *Farm Journal* during November, 1937.

NOTE: All of the foregoing exhibits were introduced by stipulation (R. 37-42).

APPENDIX C.

RESPONDENT'S TRADE-MARKS.

The photographs and the photo-engraving on the opposite page show portions of exhibits described below. The coloring corresponds to the color of the exhibits but is not necessarily exact as to shade.

EXHIBIT 1—"Red Label" trade-mark (actual size) used by respondent on its rubber soles. (This mark, which continues to bear the legend "Trade Mark Reg.", was denied registration in the Patent Office as confusingly similar to petitioner's "Red Ball" trade-mark. (R. 108-116.)

EXHIBIT 2—Red panel mark (actual size) used by respondent on its rubber heels.

EXHIBIT 53—"Panco" mark (actual size) as originally registered in the Patent Office. (R. 117.)

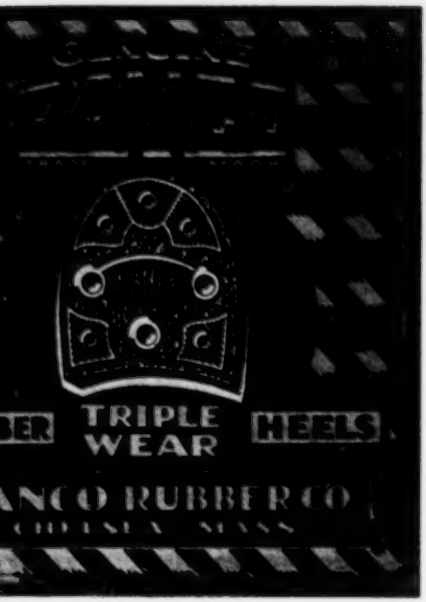
EXHIBIT 3—Red diamond mark (actual size) used by respondent on its rubber soles.

EXHIBIT 4—Heel carton (actual size) in which respondent's rubber heels bearing the red panel (Exhibit 2) were sold. (The District Court enjoined the use of the red circular figure on this carton as an infringement of petitioner's red circular figure trade-mark.) (R. 16.)

EXHIBIT 16—Reproduction of portion of leather shoe (one-half actual size) manufactured by customer of respondent bearing sole with respondent's "Red Label" trade-mark. (The "Red Label" used on this sole is larger in size than the "Red Label" of Exhibit 1.)

NOTE: The foregoing exhibits were introduced by stipulation. (R. 37-42.)

EXHIBIT 1



EXHIBIT

EXHIBIT 5

EX

4

EXHIBIT 16

APPENDIX D.

TREATIES AND CONVENTIONS.

Provisions Pertaining to Unfair Competition.

Convention of the Union of Paris of March 20, 1883, for the Protection of Industrial Property. (Revised at Brussels, December 14, 1900, at Washington, June 2, 1911; at the Hagne, November 16, 1925; and at London, June 2, 1934.)*

ARTICLE 10 BIS.

(1) The countries of the Union are bound to assure to nationals of countries of the Union an effective protection against unfair competition.

(2) Every act of competition contrary to honest practice in industrial or commercial matters constitutes an act of unfair competition.

(3) The following particularly are to be forbidden:

1° All acts whatsoever of a nature to create confusion by no matter what means with the establishment, the goods, or the services of the competitor;

2° False allegations in the course of trade of a nature to discredit the establishment, the goods or the services of a competitor.

ARTICLE 10 TER.

(1) The countries of the Union undertake to assure to the nationals of other countries of the Union appropriate legal remedies to repress effectively all acts set forth in Articles 9, 10, and 10 bis.

* Source: Derenberg, *Trade-Mark Protection and Unfair Trading* (1936), pp. 1035-43.

(2) They undertake, moreover, to provide measures to permit syndicates and associations representing the manufacturers, producers or merchants interested, and of which the existence is not contrary to the laws of their country, to take actions in justice or before the administrative authorities, in view of the repression of the acts set forth in Articles 9, 10 and 10 bis, so far as the law of the country in which protection is claimed permits it to the syndicates and associations of that country.

General Inter-American Convention for Trade-Mark and Commercial Protection. (Signed at Washington, February 20, 1929.)*

Chapter IV.

Repression of Unfair Competition.

Article 20.

Every act or deed contrary to commercial good faith or to the normal and honorable development of industrial or business activities shall be considered as unfair competition and, therefore, unjust and prohibited.

Article 21.

The following are declared to be acts of unfair competition and unless otherwise effectively dealt with under the domestic laws of the Contracting States shall be repressed under the provisions of this Convention:

(a) Acts calculated directly or indirectly to represent that the goods or business of a manufacturer, industrialist, merchant or agriculturist are the goods or business of another manufacturer, industrialist, merchant or agricul-

* Source: *The Official Gazette of the United States Patent Office*, March 12, 1929, Vol. 380, pp. 245-50.

turist of any of the other Contracting States, whether such representation be made by the appropriation or simulation of trade marks, symbols, distinctive names, the imitation of labels, wrappers, containers, commercial names, or other means of identification;

(b) The use of false descriptions of goods, by words, symbols or other means tending to deceive the public in the country where the acts occur, with respect to the nature, quality, or utility of the goods;

(c) The use of false indications of geographical origin or source of goods, by words, symbols, or other means which tend in that respect to deceive the public in the country in which these acts occur;

(d) To sell, or offer for sale to the public an article, product or merchandise of such form or appearance that even though it does not bear directly or indirectly an indication of origin or source, gives or produces, either by pictures, ornaments, or language employed in the text, the impression of being a product, article or commodity originating, manufactured or produced in one of the other Contracting States;

(e) Any other act or deed contrary to good faith in industrial, commercial or agricultural matters which, because of its nature or purpose, may be considered analogous or similar to those above mentioned.

ARTICLE 22.

The Contracting States which may not yet have enacted legislation repressing the acts of unfair competition mentioned in this chapter, shall apply to such acts the penalties contained in their legislation on trade marks or in any other statutes, and shall grant relief by way of injunction against the continuance of said acts at the request of any party

injured; those causing such injury shall also be answerable in damages to the injured party.

SEVENTH RESOLUTION.

(February 19, 1929.)

Declaration of Principles on Unfair Trade Practices.

RESOLVED, That every act inducing breach of contract without just cause or which discredits the products or methods of a competitor; commercial bribery; enticing employees of a competitor to obtain confidential information with respect to his activities; false use of testimonials, warrants and appointments and false statements of membership in associations; and in general every act which tends to secure the patronage of a competitor through intimidation or coercion, is declared unfair and fraudulent.

APPENDIX E.

ADVERTISEMENTS.

The two advertisements reproduced on the opposite page are shown in somewhat reduced size—the reduction from actual size being the same for each advertisement. The color corresponds to the color of the exhibits but is not necessarily exact as to shade.

EXHIBIT 42—Petitioner's two page advertisement on pages 70 and 71 of *The Country Gentleman* for October, 1925.

EXHIBIT 5—Respondent's full page advertisement on page 88 of *Boot and Shoe Recorder* for December 21, 1935. (The District Court enjoined use of red circular figures in respondent's advertising. The Court of Appeals held this advertisement to be unobjectionable.)

NOTE: The foregoing exhibits were introduced by stipulation. (R. 37-42.)